



DALLAS COUNTY COUNTY AUDITOR

Memorandum

TO: Honorable Judge Brian Hutcheson
Justice of Peace, Precinct 2, Place 1

FROM: Darryl D. Thomas *Darryl D. Thomas*
County Auditor *DDT*

SUBJECT: Review Performed for Fiscal Year 2015

DATE: Issued: August 1, 2017
Released: October 3, 2017

Scope

A review was performed in accordance with statutory guidelines on the records and reports of Justice of the Peace, Precinct 2, Place 1 for Fiscal Year 2015 during the term of the Honorable Gerry Cooper.

Review Procedures

Standard review procedures were followed to test the internal controls for cash, revenue, and other county assets. A random sampling of the total activity was selected for certain review steps based on risk, the dollar value of transactions, the volume of transactions, and noted internal control weaknesses. Testing involved a review of the JP Accounting System (JPAS) as well as case jackets.

A partial list of the review tests include:

- Performed unannounced cash counts
- Examined and documented the court's process and procedures
- Examined the court's cash handling internal controls
- Accounted for numerical sequence of manual and computer generated receipts
- Traced amounts recorded on receipts to the bank deposits
- Reviewed assessed fees for compliance with applicable state laws and Commissioners Court orders
- Reviewed credit card activity for accurate and timely posting to JPAS
- Reviewed case activity to determine if procedures are followed for delinquency
- Reviewed unpaid criminal cases for outstanding warrants of arrest
- Examined Special Fund disbursements and associated fee dockets to determine if sufficient funds were collected, proper payees paid, and if posting to the JPAS had occurred
- Reviewed time and attendance records for proper posting and compliance with County policies and procedures
- Compared activity reports to actual new cases on the JPAS
- Reviewed 'Justice Fee Exception List' to determine reason for uncollected fees

Statistical

During fiscal year 2015 the justice court processed:

- 16,554 computer receipts totaling \$1,550,227.30
- 3,032 class C misdemeanor cases (including 385 APS citations)
- 3,067 civil/small claims cases
- 3,150 eviction cases

FINDINGS/OBSERVATIONS

CASH MANAGEMENT

Receipt – Computer/Manual – A sample review of 16,554 computer receipts including 47 voided computer receipts and approximately 52 manual receipts including one voided manual receipt revealed: one manual receipt was issued out of date sequence, one computer receipt had two fees voided rather than voiding the entire receipt and the court did not retain both computer receipts (*Status: The \$16 from the void fee types were applied to another receipt*).

Responses to the Internal Control Questionnaire (ICQ) indicate: the computer receipt transaction log is reviewed by the bookkeeper rather than the chief clerk; and the combination to the safe is not changed when an employee privy to the combination is terminated; Chief Clerk does not review the JKDS screen in JPAS prior to daily closeout.

Assessment / Distribution – A sample review of 40 cases and corresponding computer receipts for compliance with applicable state laws including Code of Criminal Procedure Chapters 45 and 102 and Local Government Code Chapter 133, Commissioners Court orders, and Attorney General Opinion No. GA-0147 revealed errors and omissions pertaining to: posting partial payments, assessing court costs, collections, receipting to fee types, JPAS docketing, and disbursing a percentage of fine amounts to statutory required entities.

Responses to the Internal Control Questionnaire (ICQ) indicate: credits are not recorded as non-receipt items when defendants serve time and/or perform community service on the financial screen.

Disbursement/Special Fund Reconciliation – A sample review of Special Fund activity revealed: case balances over three years old totaling approximately \$346,067 (including approximately \$320,163 in cash bonds over four years old) remain in the account as of October 10, 2015; errors and omissions regarding assessing court costs and collections; one Special Fund check was not issued to the proper payee; two special fund checks were not issued for the proper amount; and five stale dated checks, totaling \$5,347.50, were not posted to JPAS.

PROCESSING/REPORTING

Credit Card Transactions – A sample review of 30 credit/debit card transactions, related procedures, and an ongoing desk review for completeness and accuracy revealed: 10 credit/debit card refunds by the Treasurer's Office for credit/debit card overpayments due to fine reductions granted by the Judge and court costs not updated on the Docket screen; two time served requests were not signed by the judge; and, instances of collection, assessment, and/or posting errors.

Delinquent Collection Referral – A sample review of 10 disposed cases referred to a delinquent collection law firm revealed: one case the court under allocated \$23.08 in collection fees, five cases the court over collected \$23.40 in collection fees, and posting errors.

Responses to the Internal Control Questionnaire (ICQ) indicate criminal cases on referral reports are not regularly reviewed for collection/ DL Hold.

Failure to Appear (FTA) Driver's License (DL) Renewal Block – A sample review of 25 cases from the FTA Payment History Report referred to DPS for driver's license renewal block revealed: two time served requests were not signed by the judge; and instances of collection and JPAS docketing errors.

Civil Fee Dockets – A sample review of 15 civil/small claims/eviction/debt claim cases on the justice fee exception report revealed: two cases filed without filing fees; and an instance of a JPAS docketing error.

MISCELLANEOUS/OTHER

Birth Certificates – A sample review of five days of activity for birth certificate logs/applications and corresponding JPAS receipts revealed one birth certificate security paper could not be located by the court.

Time & Attendance – Observation of time and attendance, a sample review of manual attendance records, and KRONOS time and attendance postings in compliance with Dallas County policy revealed no instances of material non-compliance. **Status: Addressed in Prior Years audit.**

Systems and Security – A sample review of 10 D/P Logs from Document Direct revealed: four cases deletions made because the incorrect case type was originally posted, the court created a duplicate of a case previously posted to JPAS, and reusing case numbers (parties in two of the deleted cases re-filed at a later date). Case deletions are not reviewed for reasonableness by the Chief Clerk.

Responses to the Internal Control Questionnaire (ICQ) indicate: An employee is not assigned to monitor JPAS Case Index reports for skipped or deleted case numbers; employees are not required to report conflicts of interest when they are related to parties involved in court actions; and JP accounting system exception reports are not reviewed regularly.

RECOMMENDATIONS

CASH MANAGEMENT

Receipts – Computer/Manual – All copies of a voided receipt should be retained, clearly marked “void” and affixed with a reason for voiding. Partially voided receipts should be completely voided and the balance should be receipted to a new receipt. Also, receipts should be used in sequential order in order to affix responsibility, enhance cash control, and prevent potential assertion that monies were paid and refund due. The combination to the safe should be changed when employees with knowledge of the combination leave the justice court or are otherwise reassigned. At the end of the business day, receipt and deposit totals prepared by the Bookkeeper should be verified by the Chief Clerk as evidenced by a signature or initial on control documents, retained in accordance with Records Retention guidelines.

Assessments/Distribution – Monitor assessments, collection, and prorating of court costs, fines, and fees in compliance with applicable state laws including Code of Criminal Procedure Chapter 102 and Local Government Code Chapter 133, Commissioners Court orders, Attorney General (AG) Opinion No. GA-0147 and applicable fee schedules based on the offense date. JPAS Docket screen court costs and fine fields should be updated as new court costs are assessed including administrative fees, time payment fees, warrant or capias fees, etc., and as fine amounts are reduced by the Judge or cases are dismissed. JPAS Docket screen posting procedures should include separation of duties limiting (through system security access) staff assigned to add, delete, or modify information on Docket screens. Adjustments to assessments should be made reflecting internal control and audit trails including compensating processes such as dual sign-off on adjustments, supervisory review and pre-approval, testing, and validation.

Disbursements/Special Fund Reconciliation – A management plan (including reconciling the County's General Ledger and the court's Special Fund bank account) should be developed and implemented to periodically review the detailed Special Fund report in order to clear old items on disposed cases in accordance with unclaimed property statutes, Property Code, § 72 and 76. Cash bonds should be forfeited in accordance with Code of Criminal Procedure, § 22.18. All checks issued, canceled, or stale dated posted accurately and timely to JPAS (reconciliation of JPAS to GL) and verified/reviewed by the Chief Clerk.

PROCESSING/REPORTING

Credit Card Transactions – Continue review of daily credit card activity and post payments timely and accurately in compliance with Dallas County General Policy for Use of Credit Card Transactions. The misdemeanor Docket screen should accurately reflect the court costs and fine amount due on any given case. If the court costs and/or fine change (issuance of warrants, time payment fee assessed, fines is reduced by the judge), the fields should be updated so that accurate receivable information is maintained. Approval for waivers, community service, and time served credits should be documented with the authorized approver's signature and date.

Delinquent Collection Referral – The 30% add-on delinquent collection fee should be assessed and collected in accordance with Commissioners Court Orders and Code of Criminal Procedure, § 103.0031 including proportionally prorating partial payments in the following order: court costs and collection fees, then fine, and lastly the Omni fee. Collection efforts should be initiated on all cases with a balance due.

Failure to Appear (FTA) Driver License (DL) Renewal Block Program – Assess and collect the \$30 failure to appear fee and release DL renewal blocks in accordance with Commissioners Court Order No. 2003-2085, dated November 11, 2003, and Transportation Code § 706, and other recommended procedures.

Civil Fee Dockets – Monitor timing/collection of filing fees and service fees in compliance with applicable state laws and Commissioner Court orders for all eviction, civil and small claim cases filed by non-governmental entities and individuals except for those individuals with approved affidavits of indigence on file. A reason for not collecting filing or service fees should be documented on the JPAS and case jacket. The file date of a pauper's affidavit should be posted to the JPAS Docket screen. Collection of unpaid court costs and service fees should be pursued with assistance through the District Attorney's Office.

MISCELLANEOUS/OTHER

Birth Certificates – Birth Certificate application procedures should be updated to include written procedures, periodic review by chief clerk for compliance, and staff training. Voided certificates should be clearly marked “void,” affixed with a reason for void, and forwarded to the Texas Department of State Health Services. Birth Certificate Security paper should be stored in a secure location with restricted access and retained in accordance with record retention requirements. Grant access to birth certificates to individuals in accordance with rules established within the Texas Administrative Code.

Time and Attendance – Actual time worked and meal periods should be properly and timely posted to the KRONOS time and attendance system in accordance with Dallas County Code. The court should consider submitting a request to Commissioner’s Court amending the Dallas County Policy to allow for combining break times with lunch. Until the policy is amended the court should adjust Kronos lunch time from 30 minutes to an hour to more accurately reflect actual time worked. **Status: Addressed in Prior Years audit.**

System & Security – D/P logs should be periodically reviewed for authorized changes and deletions. Additionally, the Chief Clerk should ensure explanations for case deletions are documented and are reasonable.

Status: The Chief Clerk started reviewing the JPAS Case Index reports in January 2017.

CURRENT FINDINGS/OBSERVATION AND RECOMMENDATIONS

Detail findings and recommendation templates numbered 15-JP2.1-01-01 thru 10 are attached.

Summary

The report is intended for the information and use of the department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department.

Highest areas of risk which need to be addressed include: clearing of old Special Fund balances not timely escheated and/or remitted; continuous monitoring of manual and computer receipt issuance and voids; and assessing court costs, collections, receipting to fee types, and JPAS docketing.

Consideration of all issues and weaknesses should be incorporated by the court as a self-assessment tool in testing processing functionality of a new justice court system. Adherence to and follow-through with the recommendations should strengthen internal control and compliance with Dallas County policies and procedures.

cc: Darryl Martin, Commissioners Court Administrator
Ryan Brown, OBE